

# EU Said to Ramp Up Oil-Benchmarks Probe With Evidence Request

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- ▶ Regulators may be moving toward sending antitrust complaint
- ▶ Probe began two years ago with raids on BP, Shell and Statoil

Major oil companies including Royal Dutch Shell Plc and price publisher Platts were told by regulators to redact business secrets from documents obtained during antitrust raids in a sign the European Union may be moving ahead with a two-year-old probe, according to four people familiar with the investigation.

The redaction request could be a precursor to the European Commission sending a formal complaint, or statement of objections, to some of the firms, said the people who asked not to be named because the investigation into fuel-benchmark rigging isn't public.

"Typically, the commission makes confidentiality requests when it has a statement of objections in the pipeline," said Nicolas Petit, an antitrust law professor at the University of Liege in Belgium.

Amid a climate of distrust toward global price benchmarks, EU antitrust officials turned their attention to market data for crude oil and biofuels in May 2013. They raided Shell, Statoil ASA and Abengoa SA alongside BP Plc and Platts, warning of "huge" damage to consumers if manipulation was confirmed. Since then, the probe has continued in virtual silence, as investigators turned their public attention to banks ensnared in Libor-manipulation cases and the likes of Google Inc. and Gazprom PJSC.

## Dated Brent, Ethanol

Regulators sent the confidentiality request to companies including Shell, Platts and Statoil over the summer, the people said. The EU must share all evidence collected in a case with any company that gets a formal complaint -- which is usually a precursor to antitrust fines.

But first, the file must be redacted to avoid giving away business secrets to competitors. If a company gets such a request, it doesn't necessarily mean it will be targeted by an antitrust complaint.

Initially, the EU was only examining the possible manipulation of Platts benchmarks. The case centered on the price reporting agency's assessment of Dated Brent and ethanol, two of the people said.

After 1 1/2 years, the EU rekindled its investigation with two waves of raids focusing on ethanol and bioethanol traders in October last year and earlier this year.

While the removal of business secrets is a signal that the benchmarks probe is moving ahead, it's not clear what the focus of any statement of objections would be, said the people.

## Industry Feedback

Alternatively, Petit said EU officials may be planning to share documents with plaintiffs or industry participants to get feedback that could bolster its case.

A Shell spokesman said in an e-mail the company has fully cooperated with the investigation and didn't have any additional comments.

BP, Abengoa and the commission in Brussels all declined to comment. Statoil representatives weren't immediately able to comment.

Platts "has not been charged with any wrongdoing and we will continue to cooperate" with the commission, spokeswoman Kathleen Tanzy said in an e-mailed statement. Platts "cannot comment on any specific interactions" with the regulator, she said.

In its high-profile case involving Google, the blacking out of business secrets in case documents was followed weeks after with a formal antitrust complaint against the search-engine company. In that case, complainants were asked to declassify some of their documents.

## Crude Oil

When they get a statement of objections laying out the case against them, companies are allowed to immediately request access to the EU's file. Sifting through evidence allows them to see what's in the regulator's hand and prepare their reply before the commission comes to a final decision.

Platts, which is a unit of New York-based McGraw Hill Financial Inc., has assessed prices for crude oil, petroleum products and related swaps using its so-called market on close process since 2002 in Europe. To participate, traders voluntarily report some of their bids, offers and trades to Platts's defined window period

each day, which are then used to create end-of-day price assessments for various commodities.

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▶ U.S. is entering recession and stocks will fall, Faber says

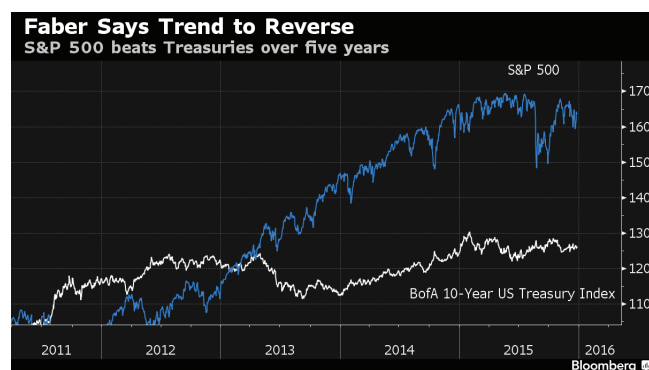
▶ Yellen said rate increase is sign of confidence in economy

Marc Faber recommends Treasuries and says the U.S. is at the start of an economic recession, clashing with Federal Reserve Chair Janet Yellen's view that things are improving.

"Ten-year U.S. Treasuries are quite attractive because of my outlook for a weakening economy," Faber, the publisher of the Gloom, Boom & Doom Report, said in an interview with Bloomberg on Monday. "I believe that we're already entering a recession in the United States" and U.S. stocks will fall in 2016, he said.

Yellen raised interest rates this month for the first time in almost a decade and said Americans should take the decision as a sign of confidence in the U.S. economy. Analysts differ over whether the Fed's decision to increase its benchmark came at the right time because the inflation rate is stuck near zero even as gross domestic product expands.

The benchmark U.S. 10-year note yield rose 2 basis points, or 0.02 percentage point, to 2.25 percent as of 8:31 a.m. in New York, according to Bloomberg Bond Trader prices. The price of the 2.25 percent security due in November 2025 fell 6/32, or \$1.88 per \$1,000 face amount, to 99 31/32. Treasuries have returned 1.1 percent in 2015, down from 6.2 percent last year, based on Bloomberg World Bond Indexes.



U.S. economic growth slowed to an annualized 2 percent rate last quarter from 3.9 percent in the previous three months, the Commerce Department said Dec. 22. The last time the economy was in a recession was December 2007 until June 2009, according to the National Bureau of Economic Research.

"While things may be uneven across regions of the country and different industrial sectors, we see an economy that is on a path of sustainable improvement," Yellen said Dec. 16 after the Fed increased its benchmark rate by a quarter percentage point.

Former U.S. Treasury Secretary Lawrence Summers and economist Nouriel Roubini had both warned the Fed should be cautious because inflation has yet to pick up as the economy expands.

The central bank's preferred inflation index was at 0.4 percent in November, a government report showed this month. It has been below the Fed's 2 percent target for more than three years.

Faber's predictions haven't always hit their mark. Since he called long-term U.S. bonds "a suicidal investment" four years ago, the 30-year Treasury has returned 8.7 percent per year, according to Bank of America Merrill Lynch data. Last year, he touted gold and predicted U.S. stocks would plunge; since then gold has plummeted and stocks have gained.

Faber is also at odds with the consensus view on Treasuries. U.S. 10-year yields will climb to 2.80 percent by the end of 2016, based on Bloomberg surveys of economists with the most recent forecasts given the heaviest weightings.

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